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The sharp decline in prices received by farmers appears about ended and stability, or even some increase, is in prospect for the next few months.

The trend in farmers' prices has been generally downward since early 1951. The decline speeded up in the second half of 1952 with prices dropping an average of 9% from mid-August to mid-January. Meat animals, cotton and potatoes took the biggest drops but corn also fell substantially. Total decline from the February, 1951 peak was 15%.

Table below shows how prices received by farmers for the main groups of products on January 15 compared with June 1950, just before war in Korea began and the highest points reached since then;

	Jan. 15, 1953 Compared With—		Date of Post-Korean High
	June, 1950	Post-Korean High	
	%	%	
Food Grains	+12	- 4	Feb. 1951
Feed Grains and Hay.....	+13	- 9	Jan., Sept. 1952
Cotton	up less than 1%	-31	April 1951
Tobacco	+ 8	- 6	Oct. 1951
Oil Crops	+15	-25	March 1951
Fruit	up less than 1%	- 4	Sept. 1950
Truck Crops	+19	-30	Jan. 1952
Other Vegetables	+55	-26	June 1952
Meat Animals	-11	-29	Mar., June 1951
Poultry and Eggs	+40	-12	Dec. 1950, Nov. 1951
Wool	- 9	-57	Mar. 1951
Dairy Products	+30	- 7	Nov. 1952

Prices paid by farmers rose more slowly after Korea than those received and have come down much less. The Parity Index—prices paid for commodities, interest, taxes and wage rates—advanced 14% from June 1950 to the peak in April, 1952 and has since declined only 2%.

The greater decline in prices received than in prices paid has reduced the parity ratio to 95, lowest since March 1950. The post-Korean peak was 113 in February 1951.

Large supplies and a drop in exports are the main reasons for the drop in farmers' prices the last few months. Farm marketings have been 4 to 5% above a year earlier and a record. Exports the first 5 months of 1952-53 were off about 30% from the same period of last year. Cotton and wheat showed the largest declines but food fats and tobacco also were down substantially.

Meanwhile, demand in the U. S. has remained strong. The income of consumers has continued to rise and they have boosted expenditures for food about in proportion.

Strong demand has maintained retail food prices. In December, they averaged only about 1% below a year earlier. Costs of marketing, processing and transportation have continued upward. With farmers' prices declining, the farmer's share of the consumers dollar spent for foods produced on U. S. farms has dropped to 45 cents, lowest since 1941.

Prospects for the next few months indicate a stronger market for farm products. U. S. demand will continue strong. The seasonal peak in farm marketings has passed and substantial quantities of some commodities are going under price support. Foreign takings are expected to improve.

LIVESTOCK AND MEAT The sharp decline in meat animal prices seems to be about ended. Increases are likely in the next few months with hogs likely to show the greatest rise. Chief exception is the likelihood that prices of top quality cattle will continue to fall seasonally.

Marketings of hogs are expected to drop sharply this winter and be well below a year earlier. Slaughter of cattle and calves on the other hand, will be considerably above the winter of 1952. A large part of the gain will be fed cattle. The number on feed on January 1 was up 16% from a year earlier and a record.

DAIRY PRODUCTS Purchases of cheese, butter and nonfat dry milk by the USDA for price support in January were larger than any time since 1950. Increased output of milk has boosted butter and cheese production substantially. This has reduced movement of these products out of storage and holdings are decreasing relatively less than a year ago. As a result, prices of dairy products are likely to continue near supports during the rest of the marketing year which ends March 31.

POULTRY AND EGGS Egg prices received by farmers in mid-January were almost up to the level of a year earlier; probably will rise above a year ago this spring. At that time, supplies are likely to be smaller than in 1952 and demand from consumers and commercial breakers probably will be at least as strong.

Increased chick placements in November and early December indicate that broiler marketings in the 11 specialized areas during February may be the highest in 4 or 5 months. However, placements probably declined in other areas.

FATS AND OILS The large quantities of cottonseed oil sold to CCC under the Cottonseed support program are the main factor in the rise in the fats and oils market the first half of the 1952-53 marketing year. From October through December, about 568 million pounds of cottonseed oil was tendered to CCC. This is about 7% of the total supplies of edible oils estimated for 1952-53. The index of wholesale prices of fats and oils has risen about 5 percent since October 1 and is now only slightly below a year earlier.

FEEDS Feed grain prices in mid-January were about 10% below a year earlier. More corn, fewer hogs and lower livestock prices are the main reasons for the decline. Corn prices are likely to strengthen later in the season but feed prices generally are likely to remain below a year earlier through the first half of 1953.

WHEAT Growers placed 337 million bushels under the loan program and 6 million under purchase agreement through December 15, 1952. With cash wheat prices generally below the effective loan level in January, additional quantities probably were placed under the support program before the end of the month, last day on which loans were available.

FRUIT Canners and freezers were buying more Florida oranges at higher prices in January than a year earlier. Consumer demand for fresh oranges and grapefruit also has been brisk. Prospects that demand will continue strong indicate prices of Florida oranges and grapefruit this winter and spring may rise further. Not much change this winter is expected in prices of California oranges.

Supplies of most other fruits remaining to be marketed after January are smaller than a year earlier. Prices are expected to continue above a year earlier.

VEGETABLES Weather permitting, more vegetables will be sold on the fresh market this winter than last. Most of the increase will be provided by cabbage, carrots, lettuce, beets, tomatoes, cucumbers and sweet corn. Prices of these products are likely to average below a year earlier. Less snap beans, escarole, broccoli, and shallots are expected. Prices for these crops probably will be higher than a year ago.

Stocks of potatoes on January 1 were a fifth above a year earlier and prospects indicate a considerably larger crop this winter and spring than in 1952. Consequently, prices farmers will receive in the first half of 1953 probably will average considerably lower than a year earlier.

COTTON The 10-spot market price for Middling 15/16 inch cotton on January 12, averaged 31.71 cents per pound, the lowest since February 1950. Prices had been dropping sharply since August. A large supply compared with disappearance, and small exports were main factors in the decline. On January 29, prices of Middling 15/16 inch averaged 33.12 cents per pound.

WOOL Consumption of apparel wool by U. S. mills has been trending upward since early 1952. With imports declining stocks of wool have been below a year earlier. Prices of wool abroad have been climbing slowly since last April and the Boston market has strengthened recently. Prices to farmers in mid-January averaged 51 cents per pound compared with 49.9 a month earlier and 61.3 a year earlier.

TOBACCO Burley sales through late January, which included nearly all of the 1952 crop, brought an average price of 50.3 cents per pound, a little below the average for the 1951 crop. Prices of other types have been running below last year. Average for 1952 flue-cured was 50.5 cents compared with 52.4 cents for the 1951 crop. Auctions for Virginia fire-cured, type 21 averaged 36 cents, 3 cents less than a year ago. Type 22 averaged 40 cents, slightly lower than a year earlier while type 23 averaged 36 cents, slightly higher. Dark air-cured types 35, 36, 37 for auction sales through late January average 6 to 11 percent below the same period of last season.

